

## **TAX-EXEMPT BRIDGE FINANCING**

The CHFA Bridge Loan Program offers a tax-exempt bridge loan for projects receiving 4% tax credits at an amount necessary to ensure the award of the credits. The bridge loan term is one to five years and is available only with a permanent tax-exempt CHFA loan. The bridge loan interest rate is equal to the CHFA permanent loan and will fully amortize over the loan term with required annual payments. Where the combined amount of the permanent and bridge loans exceed 85% LTV, additional collateral may be required. Taxable bridge loans may be considered on an individual basis with interest rates equivalent to CHFA's taxable permanent loan rates.

<b>Qualifications</b>	<ul style="list-style-type: none"> <li>▪ New Construction, or Acquisition/Rehabilitation developments utilizing 4% tax credits and CHFA permanent financing.</li> <li>▪ For-Profit; Non-Profit or Public Agency Sponsors</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>▪ Amount necessary to meet the tax credit allocation committee's tax-exempt funding requirements. Typically commit loans for up to 53% of eligible basis; final loan amount is based on cost audit.</li> <li>▪ Agency discretion - up to 90% of investor's equity proceeds.</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>▪ 2% Loan Fee; with 1% due prior to Board Meeting and 1% prior to issuance of loan commitment.</li> <li>▪ 1% Bond Origination Guarantee - due within 30 days of final commitment approval. Refundable at permanent loan closing.</li> </ul>
<b>Rate &amp; Term</b> (subject to change)	<ul style="list-style-type: none"> <li>▪ The same fixed rate mortgage as offered for the CHFA tax-exempt permanent financing.</li> <li>▪ Fully amortized 1 to 5 year term.</li> <li>▪ Second priority loan behind the CHFA permanent mortgage.</li> <li>▪ Prepayment permitted after first year.</li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>▪ Letter of credit required from the investor if CHFA mortgage amounts exceed 85% LTV.</li> <li>▪ The Letter of Credit is reduced annually until the 85% test is met.</li> <li>▪ Investor is subject to credit review and additional collateral may be required at the discretion of the Agency.</li> <li>▪ Investor to execute a promissory note to the partnership. Pay-in schedule to be sufficient to cover payments of principal and interest required for the Bridge loan.</li> <li>▪ Agency requires the legal authority from the investor to be able to replace the General Partner, if deemed necessary.</li> </ul>

Other Available financing options include:  
[\*\*Taxable & Tax-Exempt Permanent Financing\*\*](#)  
[\*\*Preservation Finance Programs\*\*](#)  
[\*\*Special Needs Development Financing\*\*](#)  
[\*\*Predevelopment Financing\*\*](#)